



16001677

DATES  
ANGE COMMISSION  
I.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: March 31, 2016  
Estimated average burden  
hours per response: 12.00

SEC  
Mail Processing  
Section

FEB 23 2016

Washington DC

404

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

RMS

SEC FILE NUMBER  
8-33137

REPORT FOR THE PERIOD BEGINNING 01-01-2015 AND ENDING 12-31-2015  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Aegis Investments, Inc. JG

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4915 West 35th Street #206

(No. and Street)

St Louis Park

(City)

MN

(State)

55416

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Linda L. Engle

612-336-4432

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Ellingsen &amp; Ellingsen Ltd

(Name -- if individual, state last, first, middle name)

5701 Vernon Av S. Suite 301 Edina MN

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

JG

OATH OR AFFIRMATION

I, Linda Fugle, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HEGIS INVESTMENTS INC, as of DECEMBER 31, 2015, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Linda Fugle  
Signature  
President  
Title

Tina Marie Quiel  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

## CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1-2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Condition .....	3
Statements of Income .....	4
Statements of Changes in Stockholder's Equity .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7-8
<b>SUPPLEMENTARY INFORMATION</b>	
Computation of Net Capital .....	9
Rule 15c3-3 Reserve Requirements .....	10
Report of Independent Registered Public Accounting Firm .....	11
Report of Exemption from Rule 15c3-3 .....	12
Independent Auditor's Report on Internal Accounting Control Required By Sec Rule 17a-5 .....	13-14



**Ellingson & Ellingson, Ltd.**  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors and Stockholders  
Aegis Investments, Inc.  
Minneapolis, Minnesota

**Report on the Financial Statements**

We have audited the accompanying financial statements of Aegis Investments, Inc. which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards of the **Public Accounting Oversight Board ("PCAOB")**. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aegis Investments, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 9 and 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ellingson & Ellingson, Ltd.*

Ellingson & Ellingson, Ltd.  
Edina, Minnesota

February 8, 2016

**AEGIS INVESTMENTS, INC.**  
**STATEMENTS OF FINANCIAL CONDITION**  
**As of December 31, 2015 and 2014**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 75,875	\$ 80,228
Accounts receivable	7,098	5,234
	<u>82,973</u>	<u>85,462</u>
<b>PROPERTY AND EQUIPMENT</b>		
Office equipment	13,583	13,583
Less: accumulated depreciation	(13,212)	(12,964)
	<u>371</u>	<u>619</u>
<b>OTHER ASSETS</b>		
Rent deposit	<u>1,100</u>	<u>1,100</u>
<b>Total Assets</b>	<u><u>\$ 84,444</u></u>	<u><u>\$ 87,181</u></u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accrued commissions and other expenses	<u>\$ 8,811</u>	<u>\$ 8,935</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, no par value, 100,000 shares authorized, 2,200 shares issued and outstanding	12,000	12,000
Retained earnings	<u>63,633</u>	<u>66,246</u>
	<u>75,633</u>	<u>78,246</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u><u>\$ 84,444</u></u>	<u><u>\$ 87,181</u></u>

The accompanying notes are an integral part of these financial statements.

**AEGIS INVESTMENTS, INC.**  
**STATEMENTS OF INCOME**  
For the Years Ended December 31, 2015 and 2014

	2015	2014
<b>REVENUES</b>	<u>\$187,545</u>	<u>\$206,310</u>
<b>EXPENSES</b>		
Commissions	121,307	135,110
Rent	11,400	11,400
Telephone	5,482	4,596
Professional fees	2,750	2,700
Licenses and fees	2,165	1,355
Office expense	426	1,195
Outside services	25,200	19,890
Postage and delivery	399	305
Clearing Fees	18,728	18,511
Miscellaneous	27	425
Insurance	1,457	1,945
Depreciation	248	-
Dues and subscriptions	570	684
Total Expenses	<u>190,159</u>	<u>198,116</u>
Income (Loss) From Operations	(2,614)	8,194
<b>OTHER INCOME</b>		
Investment income	<u>1</u>	<u>5</u>
<b>Net Income (Loss) Before Provision For Income Taxes</b>	(2,613)	8,199
<b>INCOME TAX EXPENSE</b>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ (2,613)</u>	<u>\$ 8,199</u>
<b>Income (loss) per common share based on the weighted average of 2,200 common shares outstanding during the year</b>	<u>\$ (1.19)</u>	<u>\$ 3.73</u>

The accompanying notes are an integral part of these financial statements.

**AEGIS INVESTMENTS, INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**For the Years Ended December 31, 2015 and 2014**

	<u>Common Stock</u>		<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Earnings</u>	
Balance at January 1, 2014	2,200	\$ 12,000	\$ 58,047	\$ 70,047
Net income			8,199	8,199
Balance at December 31, 2014	2,200	12,000	66,246	78,246
Net loss			(2,613)	(2,613)
Balance at December 31, 2015	2,200	\$ 12,000	\$ 63,633	\$ 75,633

The accompanying notes are an integral part of these financial statements.



**AEGIS INVESTMENTS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2015 and 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (loss)	\$ (2,613)	\$ 8,199
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	248	-
Changes in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(1,864)	4,184
Increase (Decrease) in:		
Accrued commissions and other expenses	(124)	(3,039)
Net Cash Flows from Operating Activities	<u>(4,353)</u>	<u>9,344</u>
 Net Increase (Decrease) in Cash	 (4,353)	 9,344
 Cash at Beginning of Year	 <u>80,228</u>	 <u>70,884</u>
 Cash at End of Year	 <u><u>\$ 75,875</u></u>	 <u><u>\$ 80,228</u></u>
 <b>Supplemental Disclosures</b>		
Cash Paid During the Year for:		
Income Taxes	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**AEGIS INVESTMENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015 and 2014

**1. Organization and Nature of Business**

Aegis Investments, Inc. (the Company) is broker-dealer registered with the SEC and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is a Minnesota Corporation.

**2. Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles.

Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash Equivalents -

The Company considers securities with maturities of three months or less, when purchased, to be cash equivalents.

Accounts Receivable -

The Company uses the direct write-off method for accounting for bad debts. Accounts are written off in the period in which they are considered to be uncollectible.

Property and Equipment -

Property and equipment are recorded at cost. Depreciation is computed using the straight line method for both financial reporting and income tax accounting purposes over useful lives of five or seven years.

Income Taxes -

The provision for income tax in the financial statements relates to the items of income and expenses included in such statements.

Concentrations of Credit Risk -

The Company does not believe that it is exposed to any significant credit risk in connection with the extension of credit to its customers. Historically, the Company has had no bad debt write offs.

Commissions -

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Subsequent Events:

The Company evaluates events or transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were approved by management and available to be issued on February 8, 2016.

**AEGIS INVESTMENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015 and 2014

**3. Earnings Per Share**

Earnings per share were computed based upon the weighted average shares outstanding. The weighted average shares outstanding at December 31, 2015 and 2014, were 2,200 common shares.

**4. Commitments and Contingencies**

The Company leases office space in Minneapolis, Minnesota. The term of the lease commenced on September 1, 2013 and terminates on August 31, 2018. The approximate aggregate minimum annual rental and lease commitments of the Company on the office lease are as follows:

December 31, 2016	\$13,728
December 31, 2017	\$13,728
December 31, 2018	\$ 9,152

The Company subleases a portion of this space to an individual. The rental income received on this property was \$1,800 during both 2015 and 2014. The sublease is cancelable by either party.

**5. Income Taxes**

The Company has net operating loss carryovers totaling approximately \$8,000 which will begin to expire in the fiscal year ending December 31, 2025.

The Company has adopted FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes. The Company will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Company's evaluation on December 31, 2015 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2012 through 2014 tax years remain subject to examination by the IRS. The Company does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

**AEGIS INVESTMENTS, INC.**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**As of December 31, 2015**

**NET CAPITAL**

Stockholders' Equity	\$ 75,633	
Additions:		
Subordinated loans	<u>                    </u>	\$ 75,633
Deductions:		
Non-allowable items:		
Rent deposit	1,100	
Property and equipment net of accumulated depreciation	<u>371</u>	
		<u>1,471</u>
<b>Net Capital Before Haircuts on Securities Positions</b>		<u>74,162</u>

Haircuts on Securities - not already deducted		
Net Capital		<u><u>\$ 74,162</u></u>

**BASIC CAPITAL REQUIREMENT**

Net capital	\$ 74,162
Minimum net capital required	<u>5,000</u>
Excess Net Capital	<u><u>\$ 69,162</u></u>

**AGGREGATE INDEBTEDNESS**

Accounts payable and accrued expenses	\$ -
Accrued commissions	<u>8,811</u>
	<u><u>\$ 8,811</u></u>

<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	<u><u>11.88%</u></u>
---	----------------------

**RECONCILIATION OF NET CAPITAL**

Net Capital, as reported in Company's Part IIA	
FOCUS report	\$ 74,162
Audit adjustments made for the following:	
Adjusted Net Capital	<u><u>\$ 74,162</u></u>

See Accountant's Report

**AEGIS INVESTMENTS, INC.**

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
UNDER RULE 15C3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**

**As Of December 31, 2015 and 2014**

The Company operates on a fully disclosed basis under Rule 15c3-1 Subparagraph (a)(2) and does not hold client/customer funds or securities. Thus no reconciliation is necessary.



**Ellingson & Ellingson, Ltd.**

Certified Public Accountants

**Report of Independent Registered Public Accounting Firm**

We have reviewed management's statements, included in the accompanying **Broker Dealer Exemption Report under Rule 15c3-3** as of December 31, 2015, in which (1) Aegis Investments, Inc. ("Aegis") identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Aegis claimed an exemption from 17 C.F.R. § 240.15c3-3:(2)(ii) (the "exemption provisions") and (2) Aegis stated that Aegis met the identified exemption provisions throughout the most recent fiscal year without exception. Aegis's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Aegis's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Ellingson & Ellingson, Ltd.*

Ellingson & Ellingson, Ltd.  
Edina, Minnesota

February 8, 2016

**AEGIS INVESTMENTS, INC.**  
**REPORT OF EXEMPTION FROM RULE 15c3-3**  
**December 31, 2015**

Aegis Investment, Inc. asserts the following regarding its exemption under Rule 15c3-3:

- The Company is exempt under paragraph k(2)(ii) (all customer transactions cleared through another broker-dealer on a fully disclosed basis).
- The Company met the identified exemption provision throughout the fiscal year ended December 31, 2015, without exception.



**Ellingson & Ellingson, Ltd.**

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL  
REQUIRED BY SEC RULE 17a-5**

To the Board of Directors  
Aegis Investments, Inc.  
Minneapolis, Minnesota

In planning and performing our audit of the financial statements of Aegis Investments, Inc. for the year ended December 31, 2015, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g)(1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemption provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications and comparisons.
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principals. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted **no** matters involving the control environment, and its operation that we consider to be a material weakness as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2015, to meet the Commission's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Ellingson & Ellingson, Ltd.*

Ellingson & Ellingson, Ltd.  
Edina, Minnesota  
February 8, 2016